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November 1, 2000

EX PARTE OR LATE FILED

Magalie R. Salas, Secretary
Federal Communications Commission
225 12th Street, S.W., Room TWB-204
Washington, D.C. 20554

Re: Notification of Ex Parte Presentation, CC Docket 00-176

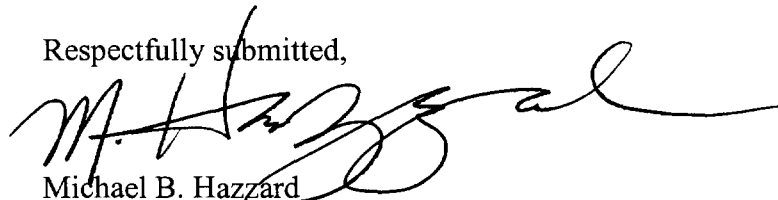
Dear Ms. Salas:

Pursuant to section 1.1206 of the Commission's Rules, 47 C.F.R. §1.1206, Z-Tel Communications, Inc. ("Z-Tel") submits this notice, in the above-captioned docketed proceeding, of an oral *ex parte* made on November 1, 2000 during a meeting with Rich Lerner, Jennifer McKee, Ben Childers, Mark Stone, and Praveen Goyal of the Common Carrier Bureau.

The presentation was made by the undersigned, Peggy Rubino of Z-Tel, and Aspasia Paroutsas of Kelley Drye & Warren LLP. During the meeting, Z-Tel explained its position on Verizon's 271 application in Massachusetts. The points discussed are elaborated in the attached presentation, which Z-Tel distributed at the meeting.

In accordance with section 1.1206(b), an original and one copy of this notice is being provided for inclusion in the public record of the above-referenced proceeding. Please date-stamp the enclosed duplicate copy and return in the enclosed self-addressed envelope. Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,



Michael B. Hazzard

Enclosure

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KELLEY DRYE & WARREN LLP

Magalie R. Salas, Secretary
November 1, 2000
Page Two

cc: Susan Pié, Common Carrier Bureau, FCC
Rich Lerner, Common Carrier Bureau, FCC
Jennifer McKee, Common Carrier Bureau, FCC
Ben Childers, Common Carrier Bureau, FCC
Mark Stone, Common Carrier Bureau, FCC
Praveen Goyal, Common Carrier Bureau, FCC
Josh Walls, Antitrust Division, Department of Justice
Cathy Carpino, Hearing Officer, MA DTE
International Transcription Services
Dee May, Verizon-Washington, DC
Peggy Rubino, Z-Tel

Z-Tel Communications, Inc.

Ex Parte Presentation

CC Docket No. 00-176

November 1, 2000

ORIGINAL

Z-Tel Overview

- Tampa, Florida-based integrated communications provider
- Uses UNE-P to provide local service
- Local, 200 mins. LD, and unlimited enhanced services for about \$50.00
- Over 256,000 residential customers in 18 months
- Most customers in NY and TX, but also have customers in CA, GA, IL, MA, MD, MI, and OR

Z-Tel Roll Out Strategy

- Enter every state possible
- Establish foothold, then work with ILEC/PUC to fix problems before launching mass marketing campaign
- Major criteria
 - Scalable ILEC OSS
 - Availability of “new” UNE-P combinations
 - Reasonable ILEC UNE prices
- All are necessary to justify mass marketing

VZ-MA and Z-Tel's Roll Out Criteria

- OSS
 - VZ-MA GUI OSS = NY for UNE-P
 - Scalable to Z-Tel's volume needs
- “New” UNE-P
 - VZ-MA has agreed voluntarily to provide “new” UNE-P combinations
- Pricing
 - DTE rates substantially > NYPSC rates
 - Z-Tel interim rates better, but still too high
 - New York rates filed by VZ-MA are reasonable

Does VZ-MA Satisfy Checklist Item 2?

- Prong 1 - UNEs consistent with 251(c)(3)
 - OSS in VZ-MA = OSS in VZ-NY
 - “New” UNE-P available in both MA and NY
 - VZ-MA seems to satisfy this prong for residential UNE-P items
- Prong 2 - Pricing consistent with 252(d)(1)
 - DTE-approved rates appear excessive on their face
 - VZ-MA has voluntarily lowered rates to match NY for ULS and shared transport
 - But does this satisfy 252(d)(1)?

271 Pricing Issues

- Which rates apply in the Commission's 252(d)(1) analysis?
- If the DTE rates control, can the Commission consider the VZ-MA voluntary rates?
- Has the DTE demonstrated a "commitment to TELRIC"?
- If the DTE rates are legally TELRIC, do the rates voluntarily agreed to by VZ-MA constitute a Takings?
- Can the Commission mandate below-TELRIC rates as part of a 271 evaluation?

The Commission's Pricing Analysis Critically Affects Z-Tel

- Without the VZ-MA price reduction, Z-Tel could not have supported the application with respect to residential UNE-P
- Without the lower rates, Z-Tel cannot compete effectively in MA
- Z-Tel needs a way to leverage good rates into other states -- many states lack the resources to conduct meaningful rate cases (*e.g.*, ME, NH, RI, VT)

Conclusion

- Any discussion by the Commission of VZ-MA's rates will have a substantial impact on Z-Tel's residential market entry in other states
- This is true whether the Commission approves or denies the VZ-MA application
- Z-Tel needs an opportunity to work with the Commission, VZ-MA, and other parties to address rate issues associated with this application